

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (9/3):
BUTTER: Grade AA closed at \$1.3400. The weekly average for Grade AA is \$1.3383 (-.0392).

CHEESE: Barrels closed at \$1.5900 and blocks at \$1.7000. The weekly average for barrels is \$1.6115 (-.1300) and blocks, \$1.7670 (-.1530).

NONFAT DRY MILK: Extra Grade closed at \$1.0300 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0500 (N.C.).

BUTTER: The market tone remains unsettled. Churning schedules across the country were lighter early in the week, but by mid week, butter production increased as cream volumes became more available. Most butter producers anticipate cream to be more available as ice cream production declines seasonally, standardizing for school milk needs near 100%, and the Labor Day holiday is here. Butter stocks are reported to be nearly double the level of last year at this time and fully sufficient for current needs. Orders were mixed this week as retail stores and restaurants prepare for the upcoming holiday weekend and the unofficial end of the summer vacation season.

CHEESE: The cheese market remains weak. Spot interest has slowed as buyers wait for possible additional declines before reordering. Natural movement is generally better than barrels and other processing solids. Mozzarella and pizza sales have been stimulated by the reopening of schools and universities for the new year. The wide barrel/block price spread continues to cause problems for barrel producers. Cheese production remains seasonally active as milk supplies remain above year ago levels.

FLUID MILK: Milk production is little changed from the last week or two. Milk output is near the annual low point in Florida and some other Southern states. The milk flow in the Northeast, Midwest and much of the West is steady to slightly higher. Recent high temperatures in California did adversely affect milk flow. Fluid milk supplies are tight in the Southeast where milk imports continue in the 550-600 load range for the region. This figure compares closely with the imports for the comparable week last year. Elsewhere, schools are starting to open and more milk is moving into Class I channels. Surplus milk volumes moving into manufacturing plants are a little tighter, but expected to increase during the Labor Day weekend. Some cheese plants are not eager to take in too much milk now that cheese prices

are dropping as fast as they have been since last week.

DRY PRODUCTS: The NDM market is a bit firmer, but higher prices and slower demand for condensed skim portend heavier production in the coming months. Demand for NDM is steady to improved as buyers show more interest in dry solids instead of condensed. The dry whey market is still firm, but spot domestic demand is slow to fair. The lactose market is quite firm with unchanged prices. Whey protein concentrate supplies range from tight to adequate and spot demand is generally slow.

CCC: During the week of August 30-September 3, CCC purchased 2,069,373 pounds of nonfortified NDM.

BASIC FORMULA PRICE (DAIRY PROGRAMS): The basic formula price (BFP) for August 1999 is \$15.79 per cwt. at 3.5% test. The August BFP is \$2.20 higher than last month, and \$.80 higher than August 1998. The BFP is the base month M/W price of \$13.33 plus a change of \$2.46, which is the change in the butter/powder/cheese formula from July to August. For August, the NASS average cheese price was \$1.7213. The butterfat differential is \$0.136. Class III-A prices are: \$12.72 for Federal Orders 1 & 2, \$12.74 for Order 4, \$12.49 for Orders 124, 131, & 135; and \$12.62 for other affected orders.

FEDERAL ORDER REFORM (DAIRY PROGRAMS): In referendum held August 2-6, eligible dairy farmers voted in favor of consolidating the current 31 Federal milk marketing orders into 11 and several other important reforms, including the minimum pricing of Class I (drinking) milk. An individual referendum was held for each of the consolidated orders. More than the required two-thirds of participating producers approved the reforms.

COMMERCIAL DISAPPEARANCE (ERS and AMS): Commercial disappearance of dairy products during the first 6 months of 1999 totals 80.2 billion pounds, 1.3% more than the comparable period of 1998. Comparing disappearance levels with a year ago: NDM was lower with butter, cheese, and fluid milk products all higher.

CONSUMER PRICE INDEX (BLS): The July Consumer Price Index (CPI) for all food is 163.8, up 2.1% from July 1998. The dairy products index at 155.7, is up 5.1% from a year ago. The July to July changes in selected dairy products are: fresh whole milk +3.6%, cheese +5.4%, and other dairy products (includes butter) -2.9%.

****SPECIALS THIS ISSUE****

BUTTER, CHEESE, AND BFP FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 AUGUST MONTHLY AVERAGES AND SUMMARY (PAGES 9-11)
 CONSUMER PRICE INDEX (PAGE 12)

COMMERCIAL DISAPPEARANCE (PAGE 12)
 FEDERAL ORDER REFORM VOTE RESULTS (PAGE 13)
 FEDERAL ORDER REFORM & PRICE DATA RELEASE DATES (PAGES 13-14)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 30	TUESDAY AUGUST 31	WEDNESDAY SEPTEMBER 1	THURSDAY SEPTEMBER 2	FRIDAY SEPTEMBER 3	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6500 (-.0300)	\$1.6275 (-.0225)	\$1.6000 (-.0275)	\$1.5900 (-.0100)	\$1.5900 (N.C.)	-.0900	\$1.6115 (-.1300)
40# BLOCKS	\$1.8500 (-.0150)	\$1.8350 (-.0150)	\$1.7500 (-.0850)	\$1.7000 (-.0500)	\$1.7000 (N.C.)	-.1650	\$1.7670 (-.1530)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA	\$1.3450 (-.0200)	-----	\$1.3300 (-.0150)	-----	\$1.3400 (+.0100)	-.0250	\$1.3383 (-.0392)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 30, 1999

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.6700, 1 @ \$1.6600, 1 @ \$1.6500; 5 CARS 40# BLOCKS @ \$1.8500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6400; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.6500, 1 @ \$1.6550, 3 @ \$1.6800; 2 CARS 40# BLOCKS - 2-MONTH OLD @ \$1.8400
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS GRADE AA: 1 @ \$1.3400, 2 @ \$1.3500, 1 @ \$1.3400, 2 @ \$1.3425, 2 @ \$1.3450; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 9 CARS GRADE AA: 3 @ \$1.3475, 2 @ \$1.3500, 1 @ \$1.3575, 2 @ \$1.3600, 1 @ \$1.3650

TUESDAY, AUGUST 31, 1999

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.8375, 2 @ \$1.8350; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.6275
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 1, 1999

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.6275, 5 @ \$1.6000; 9 CARS 40# BLOCKS: 2 @ \$1.8200, 1 @ \$1.8100, 1 @ \$1.8000, 1 @ \$1.7900, 1 @ \$1.7800, 1 @ \$1.7700, 1 @ \$1.7600, 1 @ \$1.7500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.6000; 9 CARS 40# BLOCKS: 1 @ \$1.7500, 1 @ \$1.7825, 1 @ \$1.8000, 1 @ \$1.8250, 5 @ \$1.8350; 1 CAR BARRELS - 2-MONTH OLD @ \$1.6125
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 28 CARS GRADE AA: 4 @ \$1.2900, 1 @ \$1.2875, 1 @ \$1.2900, 2 @ \$1.3000, 1 @ \$1.3025, 1 @ \$1.3050, 1 @ \$1.3075, 1 @ \$1.3050, 1 @ \$1.3100, 1 @ \$1.3125, 2 @ \$1.3100, 2 @ \$1.3150, 5 @ \$1.3200, 2 @ \$1.3250, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.2925, 1 @ \$1.2800; OFFERS UNCOVERED: 11 CARS GRADE AA: 2 @ \$1.3300, 4 @ \$1.3350, 2 @ \$1.3375, 1 @ \$1.3400, 2 @ \$1.3450

THURSDAY, SEPTEMBER 2, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5900; 7 CARS 40# BLOCKS: 1 @ \$1.7400, 4 @ \$1.7000, 1 @ \$1.6950, 1 @ \$1.7000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.5900, 2 @ \$1.6000; 5 CARS 40# BLOCKS: 2 @ \$1.7200, 3 @ \$1.7500; 1 CAR BARRELS - 2-MONTH OLD @ \$1.5975; 2 CARS 40# BLOCKS - 2-MONTH OLD @ \$1.6700
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 3, 1999

CHEESE -- SALES: 9 CARS 40# BLOCKS: 1 @ \$1.6950, 8 @ \$1.6900; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.7000; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.5900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 12 CARS GRADE AA: 1 @ \$1.3100, 1 @ \$1.3150, 1 @ \$1.3200, 3 @ \$1.3250, 2 @ \$1.3300, 1 @ \$1.3400, 1 @ \$1.3425, 1 @ \$1.3450, 1 @ \$1.3400; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.2500; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.3400

BUTTER MARKETS**NORTHEAST**

The market tone is more unsettled than it has been. Last week, butter prices at the CME increased the first two days of the week and then, on Friday, lost about half of what it gained Monday and Wednesday. These ups and downs show no clear direction for prices and have many contacts confused. Most agree that there is no shortage of butter, but fresh butter stocks are limited. Churning activity in the East is light as cream sales remains quite good and availability is barely sufficient to meet Class II needs. Retail demand is up slightly as schools reopen and shopping and home dining habits get back to more normal levels. Food service orders are still fairly good as distributors fill last minute Labor Day needs.

WEST

The butter trade seems to be somewhat lackluster this week. Buyers are tiring of the continued cycling that has occurred this year making planning somewhat difficult. Production is seasonally heavy and increasing as cream becomes somewhat tougher to sell as summer comes to an end. Retail sales are fair and food service orders are good for the holiday weekend. Stocks of butter are adequate for all needs with some fresh interest taking a little longer to fill. Contacts are wondering how many more up-downs they will have to go through this year.

CENTRAL

The butter market tone is unsettled and weak. Most producers and handlers anticipate prices to continue to edge lower in cash trading at the CME. Churning schedules remain seasonally fair. Additional cream offerings to butter operations were minimal early in the week, but by mid week were becoming more available. Butter producers feel that cream offerings will continue to increase as ice cream production seasonally edges lower, the Labor Day holiday weekend is near, and standardizing for school milk needs reaches 100%. Butter stocks are readily available and are reported to be nearly twice the level of last year at this time. Butter demand is good for retail needs while food service orders are lighter. Many buyers are holding off placing new orders until the upcoming holiday weekend is over and they have had a chance to review inventory levels.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
AUGUST 28	1.8842 3,335,970	1.8351 7,704,041	1.0124 20,893,530	1.3536 2,942,960	0.1895 5,677,034

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are lower on most natural and process items; unchanged on Swiss. The market tone is weaker with block prices at the CME falling since last Wednesday (8/25) and barrels dropping since August 20. A revised June cold storage figure (65.3 million pound increase) is most often cited as the reason for the quick turn around in the market tone. Cheese output in the Northeast is moderate to lighter. However, with cheese prices dropping so quickly, most producers are reluctant to put up too much cheddar that they don't already have sold. Mozzarella orders are improving. Typically, as colleges reopen, pizza sales improve. Food service orders are off slightly as most Labor Day needs have been delivered. However, the start of the NFL season has come to mean a season-long period of improved consumption of cheese and other snacks.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.9325-2.4225
Cheddar Single Daisies	:	1.9125-2.4225
Cheddar 40# Block	:	2.0650-2.2350
Process 5# Loaf	:	1.9525-2.1100
Process 5# Sliced	:	1.9725-2.1900
Muenster	:	2.1150-2.4175
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market remains weak. Current orders remain light as buyers hold back making purchases in anticipation of potential further declines in prices. Many distributors have passed on recent price increases and are "stuck" with high-priced inventories to work off. A few traders speculate that two cheese markets could develop, a strong current cheese market and potentially less aggressive medium and/or aged cheese market. Many plant operators that had been behind on orders have caught up quickly as other sales have been canceled or delayed. Some interest is occurring on natural for delivery next week. Processors in particular have generally been unaggressive in making bulk cheese purchases, content instead to work down stocks. Swiss demand remains strong and current offerings are relatively tight with some projections for tight supplies to continue through year end. Cheese production is steady to light, reflecting milk supplies. A few plants are reporting an increase in the incidence of unusable milk due to antibiotics and elevated temperatures.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9225-2.2000
Brick And/Or Muenster 5#	:	2.2000-2.3850
Cheddar 40# Block	:	2.1150-2.2000
Monterey Jack 10#	:	2.1150-2.3800
Blue 5#	:	2.5125-2.7800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2150-2.2700
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 30 - SEPTEMBER 3, 1999
BARRELS*	:	\$1.6000 - 1.7625 (NOMINAL)
	:	(-\$1.1450) (-.1400)
40# BLOCKS	:	\$1.7500 - 1.9500 (NOMINAL)
	:	(-\$1.1650) (-.0450)
() Change from previous week. * If steel, barrel returned.		

WEST

This is the first weekly decline in natural or process prices in six weeks. With trading activity at the CME this week, the trend will be continuing. Swiss prices are somewhat stronger. Barrels, processing solids, and other downgraded cheese are not moving nearly as well as a few weeks ago. Current blocks continue to clear very easily even with the present weakness at the CME. Buyers are looking at the calendar and realizing that they can't wait too long before getting themselves in position for the fall buying season. Some manufacturers with options are reducing barrel cheese production and holding blocks steady. Aged cheese is in tight supply. Swiss sales are starting the fall season in good shape. Contacts expect a strong sales season. Mozzarella offerings are short of full trade needs. All regions of the country are looking for mozz now that many colleges are back in session. Milk production, and therefore cheese output, is stronger than anticipated.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.8875-2.1475
Cheddar 40# Block	:	2.0375-2.1775
Cheddar 10# Cuts	:	2.2175-2.4375
Monterey Jack 10#	:	2.2275-2.3975
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5100

FOREIGN

Domestic cheese prices fell for the first time in over three months. Despite the turn around in prices, the market tone is little changed. The fall is a time when foreign type cheese sales slowly start to improve. However, this year's high retail prices have been, and are, a deterrent to retail sales. Stocks for most types of cheese are adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 2.2700-2.8800*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.9475*
Parmesan (Italy)	: TFEWR	: 3.6800-3.7100*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 2.2800-2.5550*
Romano (Cows Milk)	: -0-	: 3.4500-5.6750*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
08/30/99	11,647	122,656
08/01/99	14,803	125,478
CHANGE	-3,156	-2,822
% CHANGE	-21	-2

FLUID MILK AND CREAM

E A S T

Hurricane Dennis' near miss early this week had little effect on the East Coast's milk and dairy businesses. However, pre-storm panic sales of milk and other food items did create a run on grocery stores in some locales. Bottlers of both milk and water were very busy filling retail orders. Also, school lunch pipelines are being filled as more schools did reopen or will next week. Milk production is increasing slightly in most of the East. Florida continues to have very hot weather and the milk flow is holding at seasonal low points. In the Middle Atlantic area, some much needed rain arrived last week and pastures are greening up nicely. Cooler temperatures are helping milk output rebound. In New England, nearly ideal weather and inexpensive feed are pushing milk output higher. It was noted that Northern Vermont and presumably the rest of the north country is having the best corn crop on record. Contacts expect little shortage of feedstuffs this coming winter and into next spring. Fluid milk supplies are a little more available and imports into the Southeast are about steady to higher than last week. Florida is taking 189 loads which compares to 94 loads last week and 221 loads during the same week last year. The large city schools opened this week and milk shipments into Florida are up sharply from last week. Milk shipments into the rest of the Southeast total about 375 loads this week compares 365 last week and 305 last year. Demand for bottled milk is improving as more schools reopen and most Northeastern schools are scheduled to start after Labor Day. The condensed skim market is a little unsettled as we enter September which brings higher Class II milk prices. This week's price range is quite wide as it does span two months' prices. This week, Dairy Market News is adding a spot Class III condensed skim price series. The start of this price series comes at a time when there is little spot interest for Class III as prices, based on Class III milk prices, are too high in comparison to dry solids. Therefore, the prices shown are nominal. The fluid cream market is firm, but most contacts feel that there will be some extra volumes available during the upcoming holiday weekend. Demand is fairly good and some California cream continues to move into the East and Midwest at competitive prices. Prices this week are higher as butter prices at the CME did increase last week. Ice cream output is holding up quite well, but as summer comes to a close, more producers are easing back on output to match anticipated fall demand. Churning activity is light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8734-2.0249
DELIVERED EQUIVALENT ATLANTA	-	1.8596-2.0112 M 1.9010-1.9698
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8155-1.9836

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9000-1.2200
NORTHEAST- CLASS III - SPOT PRICES	- 1.3500-1.5000

NEW REPORT

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 27 - SEPTEMBER 2, 1999	51
PREVIOUS WEEK	45
COMPARABLE WEEK IN 1998	23

DESTINATIONS: KENTUCKY 30, MISSOURI 21

Class I demand is improved but still a little disappointing in some markets. The reopening of additional schools added to the volumes of milk used by bottlers. However, the Detroit teacher strike is not helping milk sales in Michigan. Current fluid supplies are generally adequate to meet the needs of bottlers both inside and outside the region without great difficulty. Another 21 loads of Wisconsin milk are direct shipped to Missouri along with 28 loads to Kentucky and 15 to Georgia. These loads are pooled under a Southern federal order to supplement local offerings. An additional 2 loads of Wisconsin milk were shipped to Ohio. Lack of available trucks/truckers continues to hamper milk movement for some shippers. Current manufacturing milk demand was spotty, though generally lighter as cash cheese prices, sales, and returns from

cheese production, decline. Manufacturing milk buyers are offering \$1.75 - 2.25 over class, though many sellers are still holding out for higher prices. Some extra milk and cream supplies are expected to be available to manufacturers over the long holiday weekend, but Labor Day weekend is not traditionally a major surplus milk disposal problem. Cream cheese output is up seasonally. Ice cream output continues good seasonally. Cream prices are trading mostly in the upper end of the reported range. Current milk intakes are little changed from recent weeks though fat and protein tests continue to improve. A good volume of corn silage is being harvested as the crop reaches the necessary maturity level. Some late cutting hay/haylage is being cut just prior to the fall pre-freeze cutting moratorium of September 1 (depending on location).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 26 - SEP 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.50- 40.00	\$ 33.00- 39.00
REPLACEMENT HEIFER CALVES	\$230.00-350.00	\$120.00-200.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 26 - SEP 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.75- 44.75	\$ 32.50- 38.75

W E S T

July pool receipts of milk in California total 2.461 billion pounds, up 9.5% from last year. Cumulative pool output through the first seven months of 1999 totals 17.2 billion pounds, up 10.6% from the same period in 1998. The July blend price is \$12.89, at a fat test of 3.53%, which is 12 cents higher than June. The percentage of receipts used in Class 1 products is 21.21%. The July quota price is \$14.40 and the base and overbase prices are \$12.70. These prices are 55 cents higher than last month but \$1.13 lower than July 1998. Temperatures eased into only highs in the 80's and 90's across the major milk producing regions of California. Processors have seen milk intakes drop from 3 to 7 percent as a result of the hot weather last week, but those drops were reversing and many times erased this week. Contacts continue to be amazed at the milk production receipts that are being maintained in the state this year. Weather conditions are a big factor in the growth, but low feed and hay prices help, while higher milk prices provide the incentive. Dryer conditions across milking regions of New Mexico are allowing milk production to hold generally steady. Hay cropping is benefitting from the weather as fourth crop is finishing being harvested in many areas of the south. Milk volumes are higher than a year ago in Arizona and sometimes trending seasonally higher. Weather conditions are cooler than normal, but humidity levels are often the most uncomfortable factor. Cream markets are being disrupted by the holiday weekend ahead. Shipments to the Midwest are often needed to be discounted to move. Buyers are reluctant to build butter stocks with high labor costs over the holiday. Cream is said to be available locally in the Midwest. The decline in the butter price at the CME is also disturbing stocking plans of seasonal buyers of cream-based items. There seems to be no good time to buy in, especially as the butter market gyrates higher and lower. Conditions remain excellent for milk production in the Pacific Northwest. Weather conditions are cooler and rain has been common over the past week. Frost hit parts of eastern Oregon early in the week with some snow reported down at pass levels. Corn for silage is generally rated as in good shape. Good quality hay is readily available at reasonable prices. Producers continue to look for heifers with little success. No problems are expected in handling milk offerings over the upcoming holiday weekend. Manufacturing plants are not anxious to take the milk if they are not able to purchase it at prices that will lead to profitable conversion to manufactured products. Some operations are moving milk around to limit barrel cheese production. Rain and cooler temperatures were also common over northern Utah and southern Idaho early in the week. Temperatures are expected to warm at week's end. Much of the corn crop needs additional growing degree days to reach maturity. Some of the corn was just tasseling two weeks ago. The rain early in the week did catch some third cutting hay down in the windrow. Even so, good quality hay supplies should be plentiful. Export hay activity is slow to develop as buyers wait for further developments. Many dairy hay buyers within the region are waiting to see how the fourth cutting turns out before making any further purchasing decisions. Some plant operations are now cutting back on operating schedules as more milk goes into fluid channels to satisfy school lunch needs.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/02/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to lower on a mixed market. Because the supply of condensed is tightening at higher prices, some producers are anticipating stronger demands on NDM. Others are anticipating an increase in production schedules due to the Labor Day weekend. Buyers are waiting to see if lower cheese prices will increase the amount of milk available to NDM plants and lower prices. Spot trading is reduced compared to last week with most product moving through contracts and regular commitments. Offerings are generally at the average. Inventories are in balance for current trade needs. Demand is fair with interest beginning to wane from cheese makers. High heat and Grade A sales are marginal.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0300 - 1.0650 MOSTLY: 1.0350 - 1.0550

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a steady to firm market. Fresh product remains in tight supply and is being traded at the upper end of the range. Aged product is available and traded within the range at prices occasionally above the average. Inventories are low as ice cream production continues to take in plenty of available condensed. Most plants also prefer to move condensed than incur expensive drying costs. Changes in the supply are not anticipated in the near future. Demand is no better than fair.

BUTTERMILK: .7400 - .8200

DRY WHEY - CENTRAL

Prices are higher on a market that continues to firm. Production is steady to reduced as some manufacturers react to lower cheese prices and divert milk supplies to bottling or NDM. Condensed product is readily available for the light interest. Demand for dry product is fair to good as buyers offer no resistance to higher prices. Interest from milk replacer operations is increasing and inquiries from abroad are beginning to appear. Supplies are adequate to tight with a few extra loads available this week compared to last. Buyers find product available with brand specific product the most difficult to obtain.

NONHYGROSCOPIC: .2000 - .2250 MOSTLY: .2000 - .2050

ANIMAL FEED WHEY - CENTRAL

Milk replacer prices are mixed and roller ground is unchanged to higher. The market tone on animal feed is generally steady. Prices continue to move higher with the Extra Grade market, especially for brand specific product. Some buyers are resisting higher prices as overall supply is plentiful. Down grade and defective supplies are fully adequate for the light interest. Delactose production is steady with some renewed interest from the West Coast. Early weaned pigs are steady to lower for the heavy offerings. The veal undertone is trending firm

MILK REPLACER: .1475 - .1950
STANDARD: TFEWR
ROLLER GROUND: .1775 - .2100
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Spot movement is minimal as many producers are sold out or tight on supplies. Feed demand is mixed as some buyers cut back on shipments while others continue to take product at the higher price levels. Domestic demand continues strong, best into candy production. Export trade is competitive as some contract negotiations begin for the 4th quarter. Exporters report that European supplies continue to be offered at prices below the average. Production is steady to instances better as some plants improve on current facilities. Off grade product is available at good discounts.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2300 MOSTLY: .1875 - .1925

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Inventories remain heavy on the West Coast while supplies run tight in the Midwest. Trade is generally below the average in the West and at the average or higher in the Midwest. Increased interest from exports and process cheese is allowing more stability to the market. It is also reported that the veal industry is inquiring on product. Condensed is moving 3-7 cents below the range and clearing well into the feed industry. Supplies of condensed are steady to lower due to scattered production problems. Demand on dry WPC is slow with off grade and aged product available below the range. Imports of 80% remain a competitive force on the 34% market especially with Australian supplies beginning to filter beyond domestic borders.

EXTRA GRADE 34% PROTEIN: .4000 - .4700 MOSTLY: .4300 - .4600

NONFAT DRY MILK - WEST

Nonfat dry milk prices have generally leveled off following firmness over the past month. The market tone is now best described as steady. Several larger issues are hanging over the NDM market. First, the declining cheese prices have cheese makers assessing their needs to standardize with NDM and condensed skim in the short run. The effects of this would free up more NDM for the spot market. Secondly, milk production remains strong in the region. Milk cows are being added and milk per cow continues to grow. The need remains to process this milk and butter/powder plants are being used to balance supplies. Third, the uncertainty of any extension of the price support program is not settled. Without the program, set to expire at the end of 1999, pricing levels would not have a floor. During the week of August 23 - 27, CCC net purchases were 272,692 pounds of nonfortified NDM and 121,241 pounds of fortified NDM from Western producers.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0350 MOSTLY: 1.0100 - 1.0200
HIGH HEAT: 1.0300 - 1.0550

DRY BUTTERMILK - WEST

Dry buttermilk prices are unchanged and the market tone is steady. Producer offerings remain on the light side as churning is not overly active and sales of condensed buttermilk are restricting drying. Demand is limited for dry buttermilk with interest waning from seasonal ice cream producers and not yet established from seasonal baking needs. Stocks are mostly light to moderate.

BUTTERMILK: .7000 - .7800 MOSTLY: .7100 - .7600

DRY WHEY - WEST

The Western whey range is holding steady, but the mostly is increasing fractionally. Export sales activity ranges from fair to good. Some export buyers want to take an additional position before prices may increase further. Other buyers are investigating the possibility that Europe may be a good alternative source of powder. Domestically, prices continue to increase slowly in relation to Central prices. Inventories are in better shape in the coastal states rather than the mountain states. Production levels are somewhat mixed with the upcoming holiday and some plants trying to limit barrel cheese production. The undertone to the market ranges from steady to firmer.

NONHYGROSCOPIC: .1725 - .1950 MOSTLY: .1775 - .1800

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 27	\$1.0086	12,409,591
August 20	\$1.0078	17,225,265

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher in the Northeast, steady to lower in the Southeast where competition caused some suppliers to back off on earlier price increases. The market tone is quite firm. Production levels have been slow to fair. However, with new Class II & III milk prices going into effect on September 1, condensed skim prices also increased rather sharply. This, in all likelihood, will slow wet solids demand which should increase drying schedules. More wet solids users are looking to switch back to NDM because of price. Producers report an increasing number of inquiries for NDM. Most Eastern makers have eliminated large-volumes deal incentives and some traders are now working off any inventories they may have. High heat powder is in the tightest supply with low heat adequate. Some increased production is also anticipated during the Labor Day weekend, but should drop off after the holiday when Class I milk sales improve.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0700 MOSTLY: 1.0500 - 1.0600

HIGH HEAT: 1.0600 - 1.1100 MOSTLY: 1.0600 - 1.0900

DELVD SOUTHEAST:

ALL HEATS: 1.0600 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and the northeastern range remains nominal. The market tone is firm. Few Eastern producers have truckload volumes available for immediate shipment. Most are not entertaining inquiries from new or occasional customers. There are quite a few LTL sales taking place as producers try to partially satisfy their accounts. Production levels are limited by the lack of churning and the continued good call for condensed buttermilk. More buyers are looking to suppliers in other regions and/or the resale market. Traders also report tight supplies.

F.O.B. NORTHEAST: .7500 - .8000

DELVD SOUTHEAST: .7800 - .8450

DRY WHOLE MILK - NATIONAL

Prices and the market tone are steady. Some price adjustments within the range were noted as producers move with butter price changes and anticipated milk price increases. Demand for dry whole milk is steady and mostly centered on contracts. Spot interest is just fair. Producer stocks are light.

F.O.B. PRODUCING PLANT: 1.3300 - 1.6000

DEIPBID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH AUGUST 27, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	27,024 MT (59,577,110 LBS)
CHANGE	--	275 MT (606,265 LBS)
WHOLE MILK POWDER	--	28 MT (61,729 LBS)
CHEESE	--	225 MT (496,035 LBS)
BUTTERFAT	--	0 MT

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT.

These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and the market tone is firm. Grade A price remains nominal due to their tight supply. Extra Grade stocks range from light to balanced. Some contacts report continued good export interest, but there is some resistance to the higher prices, particularly for late fall shipments. This week, contacts reported that domestic spot activity is relatively slow and lackluster. Some traders are working off inventories and not making spot purchases.

F.O.B. NORTHEAST: EXTRA GRADE .2000 - .2200

USPH GRADE A .2400 - .2600

DELVD SOUTHEAST: .2300 - .2400

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. The market tone is unchanged. Animal use is still slow to fair, but some veal growers are putting on more animals for anticipated fall and winter needs. Offerings of off-spec product are more than adequate for current needs.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged. Some producers were/are proposing list price increases, but then cheese prices started a downward trend which many feel will moderate expected fall milk price increases. However, most are still not offering sales allowances or incentives at this time. Demand is fair as buyers try to "buy in" before any price increases go into effect. The Kansas City Commodity office announced the purchase of canned evaporated milk under EVD-1, invitation 590. They purchased 1,395,360 pounds at \$.4541-.5296 per pound for delivery in October.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain unsettled and weak. Buyers indicate that stocks of both rennet and acid are readily available on a contractual and spot basis. Spot offerings continue to be made available to buyers, but for the most part, domestic buyers are fully committed to contractual and regular sources. European stock levels are reported to be readily available while Oceania's new production season is just getting started and indications are that stocks should also be fully adequate for needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.7500 - 1.9000
ACID: 1.7800 - 1.9000

COFFEE, SUGAR & COCOA EXCHANGE (A subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	08/18	08/19	08/20	08/23	08/24	08/25	08/26	08/27	08/30	08/31
CSCE/NYBT - BFP -- Dollars per cwt.										
AUG 99	16.03 (207) 2	16.00 (207) 0	16.20 (209) 2	16.08 (209) 0	16.08 (208) 1	16.08 (209) 23	16.03 (209) 1	16.13 (210) 1	16.20 (210) 0	16.17 (210) 0
SEP 99	17.50 (297) 1	17.35 (302) 5	17.15 (302) 0	16.88 (306) 4	17.10 (310) 7	16.15 (306) 58	15.78 (309) 4	16.10 (310) 1	15.90 (310) 1	15.98 (312) 1
OCT 99	17.25 (280) 2	16.90 (287) 24	16.43 (291) 4	15.30 (291) 1	15.10 (290) 3	14.00 (288) 59	13.65 (276) 49	13.73 (276) 3	13.55 (273) 3	13.65 (273) 0
NOV 99	15.40 (158) 0	15.05 (163) 8	14.20 (164) 2	13.25 (163) 4	13.65 (166) 4	13.10 (167) 28	12.88 (165) 4	13.03 (167) 0	12.80 (165) 6	12.80 (165) 0
DEC 99	14.35 (120) 0	14.00 (121) 3	13.65 (122) 4	12.90 (124) 2	13.10 (128) 4	12.80 (128) 12	12.65 (129) 1	12.73 (129) 0	12.53 (129) 1	12.55 (129) 4
JAN 00	12.83 (37) 0	12.70 (37) 0	12.70 (37) 0	12.40 (39) 4	12.70 (39) 0	12.45 (39) 5	12.25 (39) 0	12.35 (40) 1	12.33 (40) 0	12.40 (40) 0
FEB 00	12.25 (17) 0	12.25 (17) 0	12.25 (17) 0	12.25 (18) 1	12.25 (18) 0	12.25 (18) 1	11.95 (18) 0	12.05 (18) 0	12.10 (18) 0	12.10 (18) 0
MAR 00	12.00 (6) 0	11.90 (6) 0	11.90 (6) 0	11.75 (7) 1	11.90 (7) 0	12.00 (7) 0	11.90 (7) 0	11.85 (7) 0	11.85 (7) 0	11.85 (7) 0
APR 00	11.45 (1) 0	11.45 (1) 0	11.40 (2) 1	11.40 (3) 1	11.50 (3) 0	11.45 (3) 0	11.45 (4) 1	11.45 (4) 0	11.45 (4) 0	11.45 (4) 0
MAY 00	11.45 (2) 0	11.45 (2) 0	11.45 (2) 0	11.40 (3) 1	11.45 (3) 0	11.45 (3) 0	11.50 (4) 1	11.45 (5) 1	11.45 (5) 0	11.45 (5) 0
JUN 00	11.63 (0) 0	11.70 (0) 0	11.70 (0) 0	11.75 (0) 0	11.60 (0) 0	11.60 (0) 0	11.58 (0) 0	11.58 (0) 0	11.65 (0) 0	11.70 (0) 0

CME - BUTTER -- Cents per pound

SEP 99	130.00 (259) 7	132.25 (259) 0	133.50 (258) 21	134.00 (252) 6	135.00 (248) 7	135.00 (238) 16	134.50 (236) 7	132.00 (238) 6	130.00 (233) 9	130.00 (233) 0
OCT 99	132.00 (129) 5	133.25 (128) 0	135.00 (128) 0	135.00 (128) 0	137.00 (124) 4	135.00 (127) 8	135.00 (124) 4	134.00 (125) 6	131.00 (125) 2	131.00 (125) 1
FEB 00	124.00 (1) 0	124.00 (1) 0	124.00 (1) 0	120.00 (2) 1	120.00 (2) 0	119.00 (3) 1	118.00 (3) 0	118.00 (3) 0	118.00 (3) 0	116.95 (3) 0
MAR 00	124.00 (1) 0	124.00 (1) 0	124.00 (1) 0	124.00 (1) 0	124.00 (1) 0	120.00 (2) 1	118.00 (3) 1	118.00 (3) 0	118.00 (3) 0	117.00 (3) 0

CME - BFP -- Dollars per cwt.

AUG 99	16.05 (960) 59	16.05 (979) 47	16.15 (961) 37	16.09 (962) 2	16.09973) 14	16.10 (971) 116	16.04 (965) 16	16.15 (965) 36	16.15 (957) 0	16.15 (957) 2
SEP 99	17.52 (1303) 31	17.59 (1338) 80	17.30 (1346) 58	17.00 (1359) 45	17.19 (1421) 153	16.18 (1419) 282	16.08 (1433) 64	16.10 (1442) 35	16.10 (1442) 21	16.15 (1465) 34
OCT 99	17.13 (1141) 66	17.00 (1159) 78	16.63 (1171) 97	15.43 (1172) 75	15.15 (1180) 65	14.00 (1189) 279	13.92 (1174) 60	13.94 (1181) 23	13.99 (1177) 16	13.99 (1180) 6
NOV 99	15.40 (906) 71	15.20 (928) 46	14.26 (929) 42	13.46 (956) 73	13.89 (986) 113	13.20 (988) 138	13.00 (984) 26	12.90 (980) 9	12.85 (979) 2	12.83 (985) 14
DEC 99	14.30 (667) 61	14.00 (679) 28	13.69 (702) 47	12.85 (704) 57	13.25 (746) 76	12.75 (764) 99	12.60 (757) 12	12.61 (758) 18	12.51 (756) 9	12.60 (755) 3
JAN 00	12.99 (260) 23	12.69 (261) 29	12.60 (273) 24	12.60 (282) 31	12.90 (309) 42	12.50 (308) 22	12.36 (305) 12	12.40 (303) 4	12.36 (301) 5	12.35 (302) 7
FEB 00	12.21 (137) 4	12.20 (141) 6	12.20 (143) 2	12.24 (151) 14	12.25 (156) 5	12.30 (157) 5	12.15 (157) 0	12.15 (157) 0	12.00 (156) 6	12.00 (156) 1
MAR 00	11.98 (85) 1	11.98 (87) 6	12.00 (89) 2	11.95 (91) 2	12.00 (94) 3	12.01 (100) 12	11.93 (100) 0	11.95 (102) 3	11.90 (102) 4	11.89 (104) 4
APR 00	11.48 (43) 3	11.48 (48) 5	11.48 (48) 0	11.50 (56) 12	11.65 (59) 5	11.65 (59) 5	11.65 (59) 0	11.65 (59) 0	11.65 (59) 0	11.65 (59) 0
MAY 00	11.48 (25) 2	11.45 (31) 6	11.45 (31) 0	11.43 (35) 4	11.48 (38) 5	11.55 (42) 7	11.55 (42) 0	11.55 (42) 0	11.55 (42) 0	11.60 (44) 2
JUN 00	11.58 (17) 12	11.59 (21) 4	11.59 (21) 0	11.49 (24) 3	11.65 (33) 14	11.70 (36) 3	11.70 (36) 0	11.68 (40) 4	11.63 (40) 0	11.64 (40) 1
JUL 00		11.65 (1) 1	11.65 (2) 1	11.65 (2) 0	11.70 (7) 6	11.70 (7) 0	11.70 (7) 0	11.70 (7) 0	11.70 (7) 0	11.60 (8) 1

CME - CHEDDAR CHEESE -- Cents per pound

DEC 99	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0
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1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 23 - September 3, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: European milk production continues to edge lower seasonally. Reports indicate that milk volumes are basically in line with last year at this time. Domestic demand for dairy products within Europe is improving, thus sales are reported to be good. International buyer interest remains slow and unaggressive, although inquiries from Russia and North Africa are starting to materialize. At this time, Russia's buyer interest is for butter and cheese with whole milk for North Africa. Traders state that it is too early to speculate on the potential volumes that current buyers might want, but many traders anticipate that Russia's interest will not be as strong as two years ago. Although stocks of most manufactured dairy products are available, immediate availability is limited on skim milk and whole milk powder. Intervention for skim milk powder has now closed. Some last minute offerings were reported, but the final intervention volume statistics are not yet available. Most recent released data along with estimated final offerings indicate that totals fell short of the 109,000 mt maximum level. PSA for butter closed at mid month, thus some early offerings are now becoming available.

BUTTER/BUTTEROIL: Butter markets and prices are generally steady. Stocks are sufficient to the point that current buyer inquiries are being filled with minimal problems. PSA has now closed and some early offerings are becoming available. Late season churning activities are declining at a faster rate due to the strong call for milk for cheese production. International buyer interest is slow, although recent buyer interest out of Russia is clearing some Eastern and Western European butter stocks. Clearances and orders are light and most traders do not anticipate Russian sales volumes during the upcoming winter months to be as strong as they were two years ago.

82% BUTTERFAT:	1,235 - 1,600
99% BUTTERFAT:	1,575 - 1,710

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm. Prices have increased over the past few weeks and some traders anticipate further firmness. Butter/powder production has slowed due to the strong demand for milk for cheese production. Inventories vary depending on production schedules, milk availability, intervention offerings, and current sales. Overall buying interest is slow. Intervention has now closed and preliminary reports indicate that the 109,000 mt maximum level was not reached.

1.25% BUTTERFAT:	1,300 - 1,360
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WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are steady to firm. Whole milk powder stocks are reported to be lighter than desired. Most stocks are produced once an order has been placed, but at the current time, strong cheese production is absorbing the majority of available milk thus limiting powder production. Recent improved buyer interest has cleared some stocks of European whole milk powder to North Africa.

26% BUTTERFAT:	1,425 - 1,580
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SWEET WHEY POWDER: European whey prices are steady to lower. The recent strong demand for cheese and lack of supply has caused production to increase, thus whey volumes are heavier. Overall sales activity is slow and unaggressive, thus inventories of whey powder are building. No significant demand is being reported at this time.

NONHYGROSCOPIC:	460 - 525
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OVERVIEW: EASTERN EUROPE: Milk production continues to decline seasonally. Dry weather conditions during the summer months are contributing to the overall lower total production when compared to last year at this time. Recent buyer interest for butter and cheese from Russia has spurred sales activity. Potential need from Russia is still unavailable although traders do not anticipate buyer interest to be as strong as it was in 1997. Stock levels of manufactured dairy products are sufficient to meet ongoing and new buyer interest.

OCEANIA

OVERVIEW: Spring has now arrived in the Oceania region and milk production is reported to be off to a good start. In Australia, winter weather conditions were fairly mild, thus the start to the new milk production season has a good basis to build from. In New Zealand, calving has basically ended in the northern milk production region with the southern region about half way through. Although it is still very early in the milk production data collection process, milk handlers indicate that milk output in both countries is strong. Early reports indicate that Australia's production during July was 8% heavier than the previous year with New Zealand handlers also reporting a positive start in comparison to last year at this time. Inventories of manufactured dairy products are reported to be minimal and, for the most part, fully committed. Manufacturers and handlers are very comfortable with the inventory situation as the new production season begins. International buying interest remains slow and unaggressive at this time, but Oceania traders are optimistic about their upcoming production and potential sales period. Some buyer interest is developing out of North Africa and Russia, but no significant sales have been reported as of yet.

BUTTER: Butter markets are steady to slightly firmer. For the most part, Oceania butter stocks are available for sale, although handlers are not concerned with carryover stocks now that the new milk production season has begun. Sales activity is slow, but some butter inquiries are occurring from Northern Africa and Russia. Sales have occurred, but traders indicate that it is still early in their typical buying period to determine if significant additional sales will develop.

82% BUTTERFAT:	1,175 - 1,250
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CHEDDAR CHEESE: Cheese markets and prices are generally steady in Australia and New Zealand. Cheese inventories are low as sales clear last season's production. Milk production is seasonally increasing in both countries which will replenish depleted stocks. For the most part, sales activity continues to center around regular/ongoing buyers. The Japanese market is a regular buyer of Oceania cheese, but at this time, no significant improvement in orders is being reported.

39% MAXIMUM MOISTURE:	1,650 - 1,750
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SKIM MILK POWDER (SMP): Skim milk powder markets are steady to slightly firmer. Prices are unchanged to higher. Traders have differing views on firmer prices. Some state that higher prices are in response to firm European prices and a weaker U.S. dollar, while others feel that prices are being talked up versus other justifiable reasons. Stocks are seasonally low, but as milk production increases in the region, stock levels will once again increase. No significant sales activity is being reported at this time.

1.25% BUTTERFAT:	1,225 - 1,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Inventories are low, with the balance of available stocks reported to be committed. Early, unofficial, milk production figures indicate that the start of milk production season is strong in both Australia and New Zealand, thus powder stocks will begin to build. Producers and handlers of whole milk powder are comfortable with carryover stocks and are looking forward to the new season with great optimism. Buyer interest continues to be limited, although Oceania traders foresee whole milk powder to be in good demand during the upcoming months.

26% BUTTERFAT:	1,400 - 1,500
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Exchange rates for selected foreign currencies: August 30, 1999

.4752 Dutch Guilder	.5354 German Mark
.1596 French Franc	.5139 New Zealand Dollar
.1064 Mexican Peso	.6340 Australian Dollar
1.5895 British Pound	.0090 Japanese Yen
.2504 Polish Zloty	1.0472 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/1.064) = 9.3985$. That is 1 US Dollar equals 9.3985 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	1999	1998
						Average	Average
	AUG 02 - 06	AUG 09 - 13	AUG 16 - 20	AUG 23 - 27	AUG 30 - 31	or Total	or Total

BUTTER

WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK - TRUCKLOAD QUANTITIES

Due to a lack of consensus on the part of producers and buyers about the basing point for bulk butter sales, (previous Friday's close, previous week's average, date of sale, date of shipment, etc), Dairy Market News is temporarily suspending the reporting of premiums or discounts.

CHEESE

MIDWEST COMMODITY CHeddar

-- Cheddar Barrel s	:: 1.7050 - 1.7200 ::	1.7500 - 1.8500 ::	1.8525 - 1.8950 ::	1.7450 - 1.9025 ::	1.6000 - 1.7625 ::	1.7915	1.4987
-- Cheddar 40# Blocks	:: 1.7825 - 1.8125 ::	1.8400 - 1.9200 ::	1.9225 - 1.9600 ::	1.9150 - 1.9950 ::	1.7500 - 1.9500 ::	1.8895	1.6687

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.8750 - 1.9400 ::	1.9200 - 2.0000 ::	2.0225 - 2.1000 ::	2.0625 - 2.2000 ::	1.9225 - 2.2000 ::	2.0192	1.7139
-- Brick And/Or Muenster 5#	:: 1.9400 - 2.2275 ::	2.0000 - 2.2750 ::	2.1000 - 2.3675 ::	2.2000 - 2.4300 ::	2.2000 - 2.3850 ::	2.2016	2.0212
-- Cheddar 40# Block	:: 1.9400 - 2.1150 ::	2.0000 - 2.1150 ::	2.1000 - 2.1600 ::	2.1150 - 2.2200 ::	2.1150 - 2.2000 ::	2.1013	1.9205
-- Monterey Jack 10#	:: 2.1150 - 2.2100 ::	2.1150 - 2.2575 ::	2.1150 - 2.3500 ::	2.1150 - 2.4125 ::	2.1150 - 2.3800 ::	2.2145	2.0192
-- Blue 5#	:: 2.3550 - 2.5200 ::	2.4025 - 2.5800 ::	2.4950 - 2.6800 ::	2.5575 - 2.7800 ::	2.5125 - 2.7800 ::	2.5553	2.3542
-- Mozzarella 5 - 6#	:: 2.0100 - 2.2150 ::	2.0700 - 2.2150 ::	2.1700 - 2.2300 ::	2.2150 - 2.2925 ::	2.2150 - 2.2700 ::	2.1831	1.9618
-- Grade A Swiss Cuts 6 - 9#	:: 2.3500 - 2.6850 ::	2.3700 - 2.6850 ::	2.4000 - 2.6850 ::	2.4000 - 2.6850 ::	2.4000 - 2.6850 ::	2.5334	2.3711

NORTHEAST (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.7775 - 2.2650 ::	1.8250 - 2.3125 ::	1.9150 - 2.4050 ::	1.9775 - 2.4675 ::	1.9325 - 2.4225 ::	2.1235	1.8857
-- Cheddar Single Dai sies	:: 1.7500 - 2.2650 ::	1.7975 - 2.3125 ::	1.8900 - 2.4050 ::	1.9525 - 2.4675 ::	1.9125 - 2.4225 ::	2.1107	1.8732
-- Cheddar 40# Block	:: 1.8825 - 2.0675 ::	1.9300 - 2.1150 ::	2.0425 - 2.2075 ::	2.1050 - 2.2700 ::	2.0650 - 2.2350 ::	2.0841	1.8700
-- Process 5# Loaf	:: 1.9050 - 2.0625 ::	1.9500 - 2.1075 ::	2.0550 - 2.2100 ::	2.0950 - 2.2500 ::	1.9525 - 2.1100 ::	2.0750	1.7669
-- Process 5# Sliced	:: 1.9250 - 2.1825 ::	1.9700 - 2.2275 ::	2.0725 - 2.3300 ::	2.1125 - 2.3300 ::	1.9725 - 2.1900 ::	2.1381	1.8062
-- Muenster	:: 1.9575 - 2.2600 ::	2.0050 - 2.3075 ::	2.0975 - 2.4000 ::	2.1600 - 2.4625 ::	2.1150 - 2.4175 ::	2.2117	1.9900
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.4500	2.3775

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.8400 - 2.1000 ::	1.8850 - 2.1450 ::	1.9875 - 2.2475 ::	2.0275 - 2.2875 ::	1.8875 - 2.1475 ::	2.0607	1.8007
-- Cheddar 40# Block	:: 1.8800 - 2.0200 ::	1.9275 - 2.0675 ::	2.0200 - 2.1600 ::	2.0825 - 2.2225 ::	2.0375 - 2.1775 ::	2.0530	1.8700
-- Cheddar 10# Cuts	:: 2.0700 - 2.2800 ::	2.1175 - 2.3275 ::	2.2000 - 2.4200 ::	2.2625 - 2.4825 ::	2.2175 - 2.4375 ::	2.2752	2.0900
-- Monterey Jack 10#	:: 2.0900 - 2.2425 ::	2.1375 - 2.2900 ::	2.2100 - 2.3825 ::	2.2725 - 2.4425 ::	2.2275 - 2.3975 ::	2.2634	2.0763
-- Grade A Swiss Cuts 6 - 9#	:: 2.2900 - 2.4200 ::	2.2900 - 2.4200 ::	2.2900 - 2.4200 ::	2.3100 - 2.4500 ::	2.3500 - 2.5100 ::	2.3675	2.3950

WEST COAST (WSP, Delivered, LTL)

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 1.8271 - 2.0209 ::	1.9393 - 2.1597 ::	1.8667 - 2.0789 ::	1.8043 - 1.9502 ::	1.8734 - 2.0249 ::	1.9553	2.8922
-- Atlanta - dlvd. equiv.	:: 1.8271 - 1.9656 ::	1.9393 - 2.1450 ::	1.8809 - 2.0789 ::	1.7910 - 1.9370 ::	1.8596 - 2.0112 ::	1.9447	2.8893
-- Upper Midwest - f.o.b	:: 1.8410 - 1.9932 ::	1.9393 - 2.1156 ::	1.8038 - 1.9980 ::	1.8020 - 1.9104 ::	1.8155 - 1.9836 ::	1.9231	2.8938

PRICES OF CLASS II CONDENSED SKIM (\$ per lb. wet solids)

-- Northeast - f.o.b	:: 0.9000 - 1.0500 ::	0.9000 - 1.0500 ::	0.9000 - 1.1000 ::	0.9000 - 1.1000 ::	0.9000 - 1.2200 ::	0.9941	0.8536
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WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin Shipping Points	:: 20 ::	25 ::	41 ::	45 ::	51 ::	182	129
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NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

-- Delivered Major U.S. Cities	:: 22.0000 -33.0000 ::	22.0000 -33.0000 ::	23.6200 -33.0000 ::	23.6200 -33.0000 ::	23.6200 -33.0000 ::	27.9418	28.1767
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MONTHLY SUMMARY AND AVERAGES FOR AUGUST 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	1999	1998
	AUG 02 - 06	AUG 09 - 13	AUG 16 - 20	AUG 23 - 27	AUG 30 - 31	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	:: 1.0100 - 1.0400	:: 1.0200 - 1.0500	:: 1.0200 - 1.0600	:: 1.0300 - 1.0700	:: 1.0300 - 1.0650	:: 1.0384	:: 1.0463
-- Mostly	:: 1.0100 - 1.0300	:: 1.0200 - 1.0400	:: 1.0300 - 1.0400	:: 1.0350 - 1.0550	:: 1.0350 - 1.0550	:: 1.0336	:: 1.0374
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9900 - 1.0200	:: 0.9900 - 1.0250	:: 1.0000 - 1.0350	:: 1.0000 - 1.0350	:: 1.0000 - 1.0350	:: 1.0124	:: 1.0425
-- Mostly	:: 1.0000 - 1.0100	:: 1.0000 - 1.0200	:: 1.0100 - 1.0200	:: 1.0100 - 1.0200	:: 1.0100 - 1.0200	:: 1.0116	:: 1.0430
-- High Heat	:: 1.0200 - 1.0400	:: 1.0200 - 1.0450	:: 1.0300 - 1.0550	:: 1.0300 - 1.0550	:: 1.0300 - 1.0550	:: 1.0374	:: 1.0675
-- Northeast (f.o.b.)							
-- Low/Medium Heat	:: 1.0100 - 1.0400	:: 1.0200 - 1.0600	:: 1.0200 - 1.0600	:: 1.0300 - 1.0600	:: 1.0300 - 1.0700	:: 1.0386	:: 1.0418
-- Mostly	:: 1.0200 - 1.0300	:: 1.0300 - 1.0400	:: 1.0300 - 1.0400	:: 1.0400 - 1.0500	:: 1.0500 - 1.0600	:: 1.0368	TFEWR
-- High Heat	:: 1.0500 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0839	:: 1.0857
-- Mostly	:: 1.0500 - 1.0600	:: 1.0600 - 1.0900	:: 1.0600 - 1.0900	:: 1.0600 - 1.0900	:: 1.0600 - 1.0900	:: 1.0705	:: 1.0757
-- Southeast (Del vd)							
-- Extra & Grade A	:: 1.0400 - 1.1300	:: 1.0700 - 1.1300	:: 1.0700 - 1.1300	:: 1.0700 - 1.1300	:: 1.0600 - 1.1300	:: 1.0961	:: 1.0721
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1775 - 0.1975	:: 0.1850 - 0.2000	:: 0.1850 - 0.2125	:: 0.1950 - 0.2125	:: 0.2000 - 0.2250	:: 0.1972	:: 0.2815
-- Mostly	:: 0.1825 - 0.1875	:: 0.1900 - 0.1950	:: 0.1925 - 0.2000	:: 0.1950 - 0.2050	:: 0.2000 - 0.2050	:: 0.1943	:: 0.2801
-- West (f.o.b.)	:: 0.1700 - 0.1950	:: 0.1725 - 0.1950	:: 0.1725 - 0.1950	:: 0.1725 - 0.1950	:: 0.1725 - 0.1950	:: 0.1835	:: 0.2448
-- Mostly	:: 0.1700 - 0.1775	:: 0.1725 - 0.1775	:: 0.1725 - 0.1775	:: 0.1750 - 0.1800	:: 0.1775 - 0.1800	:: 0.1756	:: 0.2379
-- Northeast Extra Grade (f.o.b.)	:: 0.1775 - 0.2050	:: 0.1850 - 0.2050	:: 0.1925 - 0.2050	:: 0.1975 - 0.2200	:: 0.2000 - 0.2200	:: 0.1995	:: 0.2838
-- Northeast Usph Grade A(f.o.b.)	:: 0.2175 - 0.2500	:: 0.2300 - 0.2500	:: 0.2300 - 0.2600	:: 0.2400 - 0.2600	:: 0.2400 - 0.2600	:: 0.2429	:: 0.2900
-- Southeast Extra Grade (Del vd)	:: 0.2050 - 0.2200	:: 0.2150 - 0.2275	:: 0.2275 - 0.2325	:: 0.2300 - 0.2375	:: 0.2300 - 0.2400	:: 0.2253	:: 0.3190
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.4000 - 0.4675	:: 0.4000 - 0.4700	:: 0.4000 - 0.4700	:: 0.4000 - 0.4700	:: 0.4000 - 0.4700	:: 0.4347	:: 0.5859
-- Mostly	:: 0.4275 - 0.4600	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4447	:: 0.5878
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1500 - 0.1775	:: 0.1500 - 0.1775	:: 0.1500 - 0.1875	:: 0.1500 - 0.1925	:: 0.1475 - 0.1950	:: 0.1673	:: 0.2511
-- Standard	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: 0.2252
-- Roller Ground	:: 0.1775 - 0.1825	:: 0.1775 - 0.1825	:: 0.1775 - 0.2025	:: 0.1775 - 0.2075	:: 0.1775 - 0.2100	:: 0.1864	:: 0.2925
-- Dextrose	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2875	:: 0.3456
-- Northeast (f.o.b.)							
-- Milk Replacer	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.7100 - 0.7800	:: 0.7100 - 0.8000	:: 0.7200 - 0.8100	:: 0.7400 - 0.8100	:: 0.7400 - 0.8200	:: 0.7618	:: 0.9457
-- West (f.o.b.)	:: 0.6800 - 0.7350	:: 0.7000 - 0.7500	:: 0.7000 - 0.7600	:: 0.7000 - 0.7800	:: 0.7000 - 0.7800	:: 0.7269	:: 0.9574
-- Mostly	:: 0.7000 - 0.7100	:: 0.7100 - 0.7300	:: 0.7100 - 0.7500	:: 0.7100 - 0.7600	:: 0.7100 - 0.7600	:: 0.7236	:: 0.9495
-- Northeast (f.o.b.)	:: 0.7100 - 0.7500	:: 0.7200 - 0.7500	:: 0.7500 - 0.8000	:: 0.7500 - 0.8000	:: 0.7500 - 0.8000	:: 0.7557	:: 0.9470
-- Southeast (Del vd)	:: 0.7300 - 0.7650	:: 0.7300 - 0.8150	:: 0.7500 - 0.8150	:: 0.7800 - 0.8450	:: 0.7800 - 0.8450	:: 0.7818	:: 0.9702
WHOLE MILK POWDER							
-- National							
-- National (f.o.b.)	:: 1.3000 - 1.6000	:: 1.3200 - 1.6000	:: 1.3300 - 1.6000	:: 1.3300 - 1.6000	:: 1.3300 - 1.6000	:: 1.4605	:: 1.5337
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.2050	:: 0.1989
-- Mostly	:: 0.1800 - 0.1900	:: 0.1850 - 0.1900	:: 0.1850 - 0.1900	:: 0.1875 - 0.1925	:: 0.1875 - 0.1925	:: 0.1877	:: 0.1831
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 1.7200 - 1.9000	:: 1.7200 - 1.8500	:: 1.7500 - 1.9000	:: 1.7500 - 1.9000	:: 1.7500 - 1.9000	:: 1.8125	:: 2.0821
-- Nonrestricted - Acid	:: 1.7500 - 1.9000	:: 1.7500 - 1.8500	:: 1.7800 - 1.9000	:: 1.7800 - 1.9000	:: 1.7800 - 1.9000	:: 1.8275	:: 2.0250

1/ Prices for all products not footnoted 2/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR AUGUST 1999

COMMODITY	REPORT NUMBER 31: AUG 2 - 6	REPORT NUMBER 32: AUG 9 - 13	REPORT NUMBER 33: AUG 16 - 20	REPORT NUMBER 34: AUG 23 - 27	REPORT NUMBER 35: AUG 30 - 31	1999 * Monthly Average	1998 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	1.4700	1.4450	1.3300	1.3725	1.3450		
--Tuesday							
--Wednesday	1.4700	1.4100	1.3250	1.3950			
--Thursday							
--Friday	1.4675	1.3875	1.3250	1.3650		##	N. A.
--Weekly Average**	1.4692	1.4142	1.3267	1.3775	---		
CHEESE*							
-- BARRELS							
--Monday	1.7125	1.8225	1.8800	1.7950	1.6500		
--Tuesday	1.7200	1.8400	1.8850	1.7850	1.6275		
--Wednesday	1.7250	1.8400	1.8850	1.7450			
--Thursday	1.7425	1.8450	1.8850	1.7025			
--Friday	1.8000	1.8600	1.8750	1.6800		1.7865	1.4927
--Weekly Average**	1.7400	1.8415	1.8820	1.7415	---		
-- 40# BLOCKS							
--Monday	1.7875	1.8575	1.9600	1.9725	1.8500		
--Tuesday	1.7950	1.8900	1.9600	1.9725	1.8350		
--Wednesday	1.8050	1.9025	1.9625	1.9225			
--Thursday	1.8100	1.9325	1.9725	1.8675			
--Friday	1.8500	1.9325	1.9725	1.8650		1.8943	1.6575
--Weekly Average**	1.8095	1.9030	1.9655	1.9200	---		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.0100	1.0100	1.0300	1.0300	1.0300		
--Tuesday	1.0100	1.0100	1.0300	1.0300	1.0300		
--Wednesday	1.0100	1.0150	1.0300	1.0300			
--Thursday	1.0100	1.0300	1.0300	1.0300			
--Friday	1.0100	1.0300	1.0300	1.0300		1.0230	N. A.
--Weekly Average**	1.0100	1.0190	1.0300	1.0300	---		
-- GRADE A							
--Monday	1.0500	1.0500	1.0500	1.0500	1.0500		
--Tuesday	1.0500	1.0500	1.0500	1.0500	1.0500		
--Wednesday	1.0500	1.0500	1.0500	1.0500			
--Thursday	1.0500	1.0500	1.0500	1.0500			
--Friday	1.0500	1.0500	1.0500	1.0500		1.0500	N. A.
--Weekly Average**	1.0500	1.0500	1.0500	1.0500	---		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

No monthly average calculated to avoid confusion with the average used by Federal orders.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
MAY 1999	163.7	2.1	156.2	5.5	150.6	3.4	160.7	7.6	139.6	9.5	146.7	0.3
JUN 1999	163.6	2.2	156.1	5.4	149.6	3.6	159.9	7.4	143.9	7.5	147.2	0.6
JUL 1999	163.8	2.1	155.7	5.1	148.7	3.6	159.4	5.4	147.7	-2.9	147.3	0.3
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Dollars											
MAY	2.716	2.666	2.651	2.591	2.546	2.484	3.806	3.539	3.721	3.448	3.195	2.995
JUNE	2.704	2.622	2.640	2.552	2.648	2.613	3.779	3.516	3.672	3.432	3.306	3.051
JULY	2.706	2.628	2.628	2.540	2.670	2.879	3.738	3.636	3.803	3.440	3.238	3.133

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-APRIL-JUNE AND YEAR-TO-DATE 1998-99 1/

Item	Apr.-Jun. 1998	Percent change <u>4/</u>	Apr.-Jun. 1999	Percent change <u>4/</u>	Jan.-Jun. 1998	Percent change <u>4/</u>	Jan.-Jun. 1999	Percent change <u>4/</u>
	Million Pounds							
MILK								
Production	40,821	0.6	41,963	2.8	79,985	0.7	82,503	3.1
Marketings	40,482	0.6	41,639	2.9	79,310	0.7	81,859	3.2
Beginning Commercial Stocks <u>2/</u>	6,094	5.9	7,371	21.0	4,889	3.9	5,274	7.9
Imports <u>2/</u>	1,124	93.8	1,227	9.2	1,864	61.8	2,440	30.9
Total Supply <u>3/</u>	47,700	2.5	50,237	5.3	86,063	1.7	89,573	4.1
Ending Commercial Stocks <u>2/</u>	6,641	-11.8	9,264	39.5	6,641	-11.8	9,264	39.5
Net Removals <u>2/</u>	63	-76.8	73	15.9	272	-26.3	149	-45.2
Commercial Disappearance <u>3/</u>	40,996	5.8	40,900	-0.2	79,150	3.2	80,160	1.3
SELECTED PRODUCTS <u>5/</u>								
Butter	278.4	11.0	302.1	8.5	572.7	3.1	575.7	0.5
American Cheese	854.3	8.0	809.7	-5.2	1,674.9	3.8	1,705.0	1.8
Other Cheese	1,105.6	5.4	1,119.1	1.2	2,128.7	2.8	2,207.8	3.7
Nonfat Dry Milk	222.6	4.0	195.0	-12.4	448.1	-5.1	399.0	-11.0
Fluid Milk Products <u>6/</u>	13,424.2	-1.0	13,613.0	1.4	27,358.5	-0.7	27,585.8	0.8

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

DAIRY FARMERS APPROVE MILK MARKETING ORDER REFORMS

WASHINGTON, August 30, 1999 -- In referenda held August 2-6, eligible dairy farmers voted in favor of consolidating the current 31 federal milk marketing orders into 11, and several other important reforms, including the minimum pricing of Class I (drinking) milk.

An individual referendum was held for each of the consolidated orders. More than the required two-thirds of participating producers approved the reforms. The percent of approval of each of the orders by eligible, voting producers is as follows:

Order	No. Producers eligible to Participate	No. of Producers Voting	Percentage of Approval among voting producers
Northeast	18,570	13,921	90.5
Appalachian	4,099	3,226	98.9
Florida			100 ⁽¹⁾
Southeast	5,099	3,982	98.8
Upper Midwest	23,294	20,013	96.1
Central	7,903	7,703	98.9
Mideast	9,874	6,971	96.3
Pacific Northwest	1,094	1,009	97.0
Southwest	1,457	1,432	97.8
Arizona-Las Vegas	119	116	93.1
Western	906	678	95.9

The milk marketing order program ensures the fair marketing and pricing of milk. It is not a dairy support program. The current dairy support program expires on December 31, 1999, unless Congress chooses to extend it. Milk marketing orders classify milk by use, set minimum prices that handlers must pay for each class of milk, and provide for paying average prices to all dairy farmers who supply a marketing order. In the 1996 Farm Bill, Congress mandated that USDA reform the program.

The Federal Milk Marketing Order reform process lasted more than three years and involved the dairy industry, the general public, and academia. The process included detailed regulatory impact, small business, and civil rights analyses and extensive efforts to collect public views that resulted in more than 8,000 comments being received.

The final rule will appear in the September 1 Federal Register. For copies of the rule and additional information, contact John F. Borovies, Order Formulation Branch, Dairy Programs, AMS, USDA, Room 2969-S, 1400 Independence Avenue, S.W., Washington, D.C. 20250-6456; telephone (202) 720-6274 or all current market administrator offices. The rule and additional background information can be accessed on the web at www.ams.usda.gov/dairy.

^{1/} Number of producers is restricted because it represents data for fewer than three cooperatives.

HIGHLIGHTS OF FEDERAL MILK ORDER REFORM AND PRICE DATA RELEASE DATES

The consolidation of Federal milk orders was mandated by the 1996 Farm Bill, which restricts the number of milk orders to between 10 and 14 orders. The Farm Bill also authorized the Secretary to make additional reforms to the Federal milk order program such as the method of deriving Class I prices for fluid milk and prices for manufactured milk. The deadline for implementation of consolidation and reform is October 1, 1999.

The Class I pricing system established under Federal order reform uses a pricing surface based on the results of a Cornell University transportation model developed to determine the relative values of milk at various geographic locations. The objective of the model is to identify the most efficient transportation network for moving milk from the points of supply to the points of demand. The Class I pricing surface was then raised to a level that will assure an adequate supply of milk for fluid use at all points by assuring that the price at the lowest point on the surface will attract an adequate supply of milk for fluid use.

The BFP (Class III price) and the Class III-A price will be replaced with Class III and Class IV prices based on product price formulas utilizing butter, cheese, nonfat dry milk, and dry whey prices as reported by NASS. Specifically, these formulas will determine: 1) butterfat prices per pound for milk used in Classes II, III, and IV from a butter price; 2) protein and other solids prices for milk used in Class III products from cheese, butter, and dry whey prices; and 3) a nonfat solids price for milk used in Class IV products from nonfat dry milk product prices.

The Class I price mover will be the higher of a Class III or Class IV advance pricing factor computed and announced on or before the 23rd of the month for the following month. This mover plus the Class I differential will set the Class I price. The formulas will use the most recent 2-week reported NASS prices for cheese, butter, dry whey, and nonfat dry milk to estimate the Class III or Class IV price for milk used in manufacturing. Use of the most recent 2-week average of prices will reduce the time lag in the relationship between Class I prices and the prices for milk used in manufactured dairy products.

The Class II skim milk price will be computed by adding \$0.70 to the Class IV skim milk advanced pricing factor and be announced on or before the 23rd day of the month for the following month. The Class II butterfat price will be announced on or before the 5th day of the following month and will be computed by adding .007 cent per pound to the butterfat price used in Class III and Class IV.

Some classification changes will go into effect. All milk used in eggnog will be classified as Class I milk. The current Class III-A will be eliminated and a new Class IV will be established for all orders that will include milk used to make butter and all dried milk products. Although there had been a proposal to change its classification, cream cheese will continue to be classified in Class III.

Release dates for price information have been revised under Federal milk order reform. The Class I price, Class II skim and nonfat solids prices, and advance pricing factors will be released on the Friday before the 23rd of the month unless this date is a Friday. The Class II price, Class II butterfat price, Class III and Class IV milk prices, and component prices will be released on the Friday before the 5th of the month unless this date is a Friday. Please note that the release time for all prices will be 10:30 A.M. EST/EDST. Release dates for October through December 1999 are shown below.

Month to Which Prices Apply	Class I Price, Class II Skim and Nonfat Solids Prices, and Advance Pricing Factors		Class II Price and Class II Butterfat Price, Class III and Class IV Milk Prices and Component Prices	
	Release Date	Time Period of NASS Prices 1/	Release Date	Time Period of NASS Prices 1/
October	September 17	9/4, 11	November 5	10/2, 9, 16, 23 ,30
November	October 22	10/9, 16	December 3	11/6, 13, 20, 27
December	November 19	11/6, 13	December 30	12/4, 11, 18, 25

1/ Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 30 - SEPTEMBER 3			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 08/27/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	2, 807, 337	737, 964	2, 069, 373	177, 345, 680	124, 776, 073	-0-	-0-
Fortified	-0-	-0-	-0-	2, 223, 406	-0-	-0-	-0-
TOTAL	2, 807, 337	737, 964	2, 069, 373	179, 569, 086	124, 776, 073	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 30 - SEPTEMBER 3, 1999 =	0.5	24.1	COMPARABLE WEEK IN 1998 =	-0.1	-5.5
CUMULATIVE SINCE OCTOBER 1, 1998 =	39.5	2,090.2	CUMULATIVE SAME PERIOD LAST YEAR =	27.5	1,452.4
CUMULATIVE JANUARY 1 - SEPTEMBER 3, 1999 =	39.5	2,089.0	COMPARABLE CALENDAR YEAR 1998 =	25.7	1,361.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 30 - SEPTEMBER 3, 1999 (POUNDS)

REGION	BUTTER		CHEESE		NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MI DWEST	-0-	-0-	-0-	-0-	15, 434, 971	11, 550, 729	8.6	9.3
WEST	-0-	-0-	-0-	-0-	164, 134, 115	112, 938, 801	91.4	90.5
EAST	-0-	-0-	-0-	-0-	-0-	286, 543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	179, 569, 086	124, 776, 073	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/14/99 & Comparable Week 1998 1/2/

Regions*	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.0	6.7	5.3	18.6	2.4	3.8	0.7	9.7	2.7	51.2	1,590.6
1998-Dairy cows HD (000)	0.3	1.5	6.1	5.0	18.5	2.0	2.6	0.9	8.7	2.6	48.2	1,677.4
1999-All cows HD (000)	0.3	1.1	9.3	13.7	26.5	14.8	19.0	3.4	12.7	6.9	107.7	3,462.5
1998-All cows HD (000)	0.3	1.6	8.4	16.1	25.7	19.8	17.3	5.2	11.0	5.8	111.2	3,659.4

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59					